

September 1994

**U.S. POSTAL SERVICE****Labor-Management  
Problems Persist on  
the Workroom Floor**

---

---

---

General Government Division

B-252682.2

September 29, 1994

The Honorable David Pryor  
Chairman, Subcommittee on Federal Services, Post Office,  
and Civil Service  
The Honorable Carl Levin  
Chairman, Subcommittee on Oversight of Government  
Management  
Committee on Governmental Affairs  
United States Senate

This report responds to your request that we conduct a comprehensive review of labor-management relations at the U.S. Postal Service. Your request was prompted by the November 1991 shooting of postal employees in the Royal Oak Mail Service Center in Royal Oak, MI, and other incidents of workplace violence at Postal facilities. These acts of violence by a few individuals and their tragic consequences have focused attention on the Postal Service and its problems, which has generated numerous constituent complaints to Members of Congress. Specifically, you asked us to determine (1) the status of labor-management relations<sup>1</sup> in the Postal Service, (2) evaluate past efforts to improve relations, and (3) identify any further opportunities to improve relations.

The results of our review are presented in two volumes. In this first volume we summarize (1) the labor-management conflict that exists on the workroom floor of mail processing and delivery operations; and (2) past and current efforts by the Postal Service, employee unions, and management associations to improve relations and end the conflict. This summary volume also gives our recommendations on actions the Postal Service, unions, and management associations should take to address adversarial labor-management relations at the national level and long-standing quality of worklife issues on the workroom floor. Included as well in volume I is a discussion of comments by the Postal Service, unions, and management associations on a draft of volumes I and II. Written comments from the Postal Service, the American Postal Workers Union, AFL-CIO (APWU), and the National Rural Letter Carriers' Association (NRLCA) are reproduced in appendixes III to V of volume II.

The second volume provides a more detailed discussion of the labor-management environment in the Postal Service. Included are (1) the views of both national and local management, unions, and management

---

<sup>1</sup>"Labor-management relations" as used in this report is a broad term encompassing relations between postal managers/supervisors and craft employees as well as the traditional meaning of relations between postal management and labor unions.

association leaders on the underlying causes of workroom conflict; (2) employee opinions about the Postal Service on a wide range of topics, such as employee-management relations, employee treatment and participation in decisions affecting their work, leadership and supervision, performance management, and recognition and reward; (3) the work climate in mail processing plants and post offices that we visited; and (4) past and current initiatives to change the climate on the workroom floor.

---

## Background

The Postal Service is the nation's largest civilian employer, with over 800,000 employees. When Congress passed the Postal Reorganization Act in 1970, it provided a structure for postal labor and management relations similar to that found in private sector companies. Specifically, the act authorized (1) collective bargaining for wages and working conditions, subject to regulation by the National Labor Relations Board; and (2) a negotiated grievance procedure, including binding arbitration to resolve employee and union complaints.

During its 23 years as an independent governmental establishment, the Postal Service has accomplished many of the goals Congress set forth in the 1970 act. Although the Postal Service is currently experiencing delivery problems in some parts of the country, it has modernized its operations, improved the compensation of postal employees, forgone the direct taxpayer subsidies that previously supported its operations, and maintained universal service—service for the same price delivered anywhere in the country.

Despite these accomplishments, the Postal Service has not been able to change its corporate culture, which has long been characterized as autocratic. Employees continue to work in vast mail processing plants and in post offices throughout the country under a highly structured system of workrules and a highly autocratic management style.

About 82 percent of postal revenues, which totaled \$47.4 billion in fiscal year 1993, are spent on human resources—clearly making employees the Postal Service's most valuable resource. About 89 percent of the Postal Service career employees are craft workers in either mail processing and distribution plants (about 221,300 employees); or in post offices, branches, and stations (about 459,400 employees). The mail processing and distribution plants (352 in total) are like factories, full of conveyors and machines that sort and route mail and parcels. The 39,392 post offices,

---

branches, and stations in 85 customer service districts deliver mail and provide retail services.

Clerks, carriers, and mail handlers are represented by four labor unions that bargain collectively with management over pay and conditions of employment. The APWU and National Association of Letter Carriers (NALC) are the two largest unions. APWU represents about 306,000 career employees (clerks, maintenance workers, motor vehicle operators, and special delivery messengers); and NALC represents about 211,900 career city letter carriers. The other two major unions are the National Rural Letter Carriers' Association (about 43,700 carriers) and the National Postal Mail Handlers Union (about 51,100 mail handlers).

Under the 1970 act, postmasters and most supervisors also have associations that represent their interests to the Postal Service. However, unlike the craft unions, they cannot bargain over pay and benefits.

Each year the Postal Service faces stiffer competition as postal customers look to electronic communications and other suppliers to satisfy their communication needs. As a result, the Postal Service is striving to improve the quality of postal services and become more competitive in a dynamic communication marketplace. A cornerstone of its overall efforts is to change its corporate culture and improve labor-management relations.

As part of this review, we visited 7 mail processing and distribution plants and 12 post offices in 5 of the Postal Service's 10 area offices. We held over 475 interviews with postal supervisors and management officials, national and local postal labor leaders, and national and local management association leaders. We collected their views on the state of labor-management relations in the Postal Service and identified the factors that affect labor-management relations on the workroom floor. In addition, we reviewed grievance/arbitration data to help document the nature, extent, and causes of workplace problems that were identified through interviews. We also analyzed the results of the Postal Service's 1992 and 1993 employee opinion surveys and reviewed various other studies done for and by the Postal Service on labor-management relations. We also compared the Postal Service's past and current initiatives to improve relations and organizational performance with the approaches followed by some other unionized organizations. (See vol. II, ch. 1.)

---

## Results in Brief

Labor-management relations problems persist on the factory floor of postal facilities. These problems have not been adequately dealt with over many years because labor and management leadership at the national and local levels have been unable to work together to find solutions to employee problems. At the national level, the relationships between postal management and three of the four unions (the rural carriers union being the exception) have at times been adversarial. They have been characterized by dependence on third-party intervention to resolve disagreements both in contract negotiations and grievance resolution. In mail processing plants and post offices, many employees reported that they worked in an atmosphere of intimidation and tension that was too often characterized by the use of (1) formal disciplinary processes to correct employee problems, (2) grievance processing to obtain relief from disciplinary actions, and (3) arbitration to resolve the ensuing conflict. We concluded that the “us versus them” attitude and behavior of both management and unions must end if the Postal Service is to be successful in an increasingly competitive environment.

The 1993 Postal Service employee opinion survey<sup>2</sup> showed that more than three-fourths of all employees nationally liked their pay and benefits and were proud to be a part of the Postal Service. However, many craft employees (40 percent) said that managers and supervisors did not treat employees with respect or dignity and that the organization was insensitive to individual needs and concerns. Most craft employees (74 percent) believed that performing well just gets you more work and that high levels of performance were not adequately recognized or rewarded. Mid-level managers and first-line supervisors were also frustrated by the performance management and recognition and reward systems. For example, most managers (70 percent) and supervisors (74 percent) also believed that performing well just gets you more work. Most managers (58 percent) and supervisors (60 percent) said that poor employee performance was usually tolerated.

The negative opinions were more prevalent in mail processing plants than in customer service operations. These opinions were in contrast to those of rural carriers who, for the most part, were satisfied with their work environment and their relationship with postal management. An important factor influencing the contrasting opinions of city carriers and rural carriers is the much greater independence rural carriers have to carry out

---

<sup>2</sup>The 1993 employee opinion survey was sent to all postal executives, managers, supervisors, and employees. About 513,000 (78 percent of the postal workforce) responded.

---

their daily work and some unique incentives for doing good work that minimize conflict with postal management.

Overall, we found that labor-management problems are long-standing and have multiple causes that are related to an autocratic management style, adversarial employee and union attitudes, and inappropriate and inadequate performance management systems. Traditionally, management's attitude has been that employees respond best, if not only, to discipline. Management officials said that the employees' attitude has been that their needs should take precedence over the Service's needs, and that the unions' belief has been that employees must be continually protected against abuse by management.

The overwhelming volume and tedious nature of the work create a challenge for employees and supervisors alike to be strongly committed to doing quality work as a unified team. Unfortunately, the performance management systems do not adequately (1) differentiate good workers from poor ones, (2) reward work groups for teamwork, or (3) reward individual employees for high levels of performance. In essence, they tend to perpetuate an already dysfunctional organizational culture.

The effects of the problems are also multiple and include poor quality of work life for postal employees and higher mail processing and delivery costs for the Postal Service. The Service recognizes that it must improve customer satisfaction to enhance revenue and retain market share. It also recognizes that customers will not remain satisfied in an environment where employees themselves are dissatisfied. An ever-present reminder of this is the annual cost to process grievances, which the Postal Service estimated at about \$200 million in fiscal year 1992 alone.

Over the years, the Postal Service, the unions, and the management associations have made attempts to improve labor-management relations at the top and on the workroom floor. The success of these efforts has been limited because of a lack of participation of some unions and a lack of sustained commitment by local management and union officials. Although these efforts have produced some positive outcomes, they have not changed underlying values and systems that affect labor-management relations.

Since July 1992, Postmaster General Marvin Runyon, working with union and management association leadership, has begun implementing several initiatives to help build a labor-management partnership at the national

level and make the Postal Service a more customer- and employee-oriented organization. The new national leadership structure and new management reward system are good first steps, and they are consistent with approaches of other organizations that faced similar problems. But no clear framework or strategy exists for moving agreed-upon values and principles down to first-line supervisors and employees working at processing plants and post offices.

We reviewed approaches followed by the Ford Motor Company and the Saturn Corporation and found that they have turned around acrimonious labor-management relations by forming partnerships and making long-term commitments to change traditional beliefs and values. Among other actions, management and the unions at these organizations authorized increased flexibility in work units, changed the way work was organized, and introduced new systems to emphasize employee empowerment. They also negotiated pay systems that based a certain percentage of pay on corporate performance.

Changing working relations on the workroom floor at the Postal Service will require increased flexibility, necessitating changes in union contracts and personnel systems to allow experimentation with and evaluation of new approaches in relations between supervisors and employees. Upcoming contract negotiations between the Postal Service and three of the four major postal unions will provide them an opportunity to begin making the necessary changes.

To deal with workroom problems, all the parties need to agree on a framework for creating a work environment that minimizes the negative dynamics between supervisors and employees. Specifically, we are recommending that the Postal Service, the unions, and management associations develop a long-term agreement (at least 10 years) for changing the workroom climate of both processing and delivery functions. This agreement should provide incentives that encourage teamwork and give employees greater responsibility and accountability for work results. We are also recommending that the parties test new approaches at pilot sites and evaluate their impact on employee and customer satisfaction.

---

## National Labor-Management Relation Problems

Relations between the Postal Service and the clerk, city carrier, and mail handler unions both nationally and on the workroom floor have generally been adversarial. In recent years, the parties have had difficulties reaching agreement at the bargaining table and have relied on arbitration to settle



disputes. Interest arbitration<sup>3</sup> was used by management and the two largest unions to settle disputes in three of the five contract negotiations that have taken place since 1978.<sup>4</sup> The central focus of the issues in these negotiations has been wage and benefit increases, job security, cost control, and flexibility in hiring practices. Consequently, policies affecting quality of worklife issues have generally not been given the attention needed in contract negotiations,<sup>5</sup> and some employees have not been as satisfied with their working conditions as they could be in performing their jobs. (See vol. II, chs. 3, 4, and 5.)

Like their national leaders, local union and management leaders also have had difficulties in jointly settling disputes informally. As a result, the grievance arbitration procedure is overloaded. In fiscal year 1993, 51,827 grievances that were not settled on the factory floor had been elevated to higher levels and were awaiting resolution. In 1992, the last year that data were available on a national level, a backlog of 38,335 grievance cases were waiting to be resolved through arbitration. The average age of the grievances in the backlog ranged from a low of 228 days in a former postal region (now two postal areas) to a high of 696 days in another. If cases continue to be processed at the 1992 rate, many employees can expect to wait a year or more for an arbitration resolution. (See vol. II, ch. 3.)

## Work Environment in Mail Processing Plants Is Often Tense and Confrontational

The work environment within the large factory-like operations of mail processing plants often leads to tense and confrontational relations on the workroom floor. Much of the supervisor and employee dissatisfaction on the workroom floor is related to (1) the treatment of employees who are late or absent from work; (2) the lack of employee participation in the decisions affecting their work; and (3) the perception by both craft employees and supervisors that some employees are not being held accountable for their performance, leading to perceptions of disparate treatment. (See vol. II, ch. 4.)

## Attendance Problems

Although mail processing is a highly mechanized and automated operation, a sizable workforce is required to process the mail. Having the necessary employees available for work when scheduled—three “tours” or shifts, operating 24 hours a day, 7 days a week—is critically important to

<sup>3</sup>Interest arbitration is arbitration over the terms of a new contract.

<sup>4</sup>Arbitration occurred in 1978 because the membership did not ratify the agreement reached by management and union officials.

<sup>5</sup>As discussed in volume II, chapter 6, some quality of worklife issues, such as safety and health, have been dealt with at the national level by the formation of joint labor-management committees.

meeting processing deadlines and, in turn, customer expectations. Employee absences, particularly unscheduled absences, disrupt processing operations and affect down-line delivery operations. For these reasons, supervisors are held accountable for minimizing employee absences.

The 1992 employee opinion survey showed that 45 percent of the processing employees believed they had been disciplined for using sick leave when they were legitimately ill. According to our interviews and our review of arbitration files, supervisors' focus on making productivity and budget goals resulted in unwarranted discipline of many employees who were using unscheduled leave. Regardless of the type of leave used or the reason for the absence, employees may be disciplined for failure to be regular in their attendance, as the following two examples illustrate:

- At the San Francisco General Mail Facility, a union steward told us that supervisors tried to intimidate clerks into using their annual leave instead of sick leave because one tour manager wanted "zero sick leave usage." The steward said that supervisors under that manager were under pressure to discipline any employee who "gets in the way of meeting that goal."
- In New York, grievance-arbitration files showed that a clerk requested a night off to attend his father's birthday party on January 3, 1992. He was told he could have 2 hours off, but then he would have to report for work. According to the clerk, his father became ill at the party and was taken to the emergency room. The clerk called his supervisor and said that he would not be reporting for the remainder of his tour. He presented the supervisor with the emergency room's certification of his father's treatment when he returned to duty. The supervisor rejected the certification and issued a 14-day suspension in February 1992. The supervisor's position was that there were other relatives at the party who could have taken the employee's father to the hospital and that the clerk could have reported for work. The suspension was rescinded in arbitration.

In all the districts we visited, managers identified overtime as a major cause of labor-management problems. Employees were increasingly expected to work overtime, and while some employees may have welcomed the chance to regularly work overtime, the amount of overtime worked was taking its toll on the mail processing workforce. Overall, the amount of overtime used by the Postal Service nearly doubled in 5 years from 69 million workhours in 1989 to 140.1 million workhours in 1993. Part

---

of the recent increase in overtime hours was due to a larger than expected number of retirements taken by postal employees during the 1992 downsizing. In responding to the 1992 employee opinion survey, employees sometimes commented about the overtime impact. One employee at the Cincinnati plant wrote about his long workhours:

"Working 6 days a week, 9 and 10 hours a day under a lot of pressure is finally taking its toll."

Another employee at that location wrote:

"I work six days a week and every third Sunday. I have done this for almost seven years. I am tired."

---

### Limited Employee Involvement

Employee opinion survey results show that processing employees do not believe that management values their input on how to organize and accomplish their work. In each of the postal districts we visited, poor communications between supervisors and employees and the lack of employee empowerment to effect changes in their work were cited as significant labor-management problems. The inability of employees to influence how their work was organized and accomplished was also mentioned by employees we interviewed. Some supervisors said that employees did not take their jobs seriously and did not feel responsible for their work. Union representatives said that employees were most familiar with the problems in their work areas and should have some say in running the operations.

The Postal Service and unions have experimented with self-managed work units. At the time of our review, seven processing facilities and five post offices were testing a "crew chief" program, which allows craft employees to take greater responsibility for moving the mail. However, the program did not address some underlying issues that create conflict between labor and management, such as the lack of incentives for teamwork and procedures for dealing with poor performers.

---

### Poor Performance Often Tolerated

Employees and supervisors alike said the Postal Service is ineffective in dealing with poor performers. According to the 1993 employee opinion survey, 83 percent of processing workers responded that some people do most of the work and the others do just enough to get by. Seventy percent

of the workers believed that poor employee performance was usually tolerated.

The employee opinion survey also showed that 88 percent of first-line supervisors reported that it was impossible to fire an employee who should be terminated. Our review of grievance-arbitration files provided examples illustrating the difficulty of dealing with problem employees. For example, in one plant we visited, an employee was grieving her removal from the Postal Service after having been suspended and/or removed 7 times within 4 years (July 1986 through June 1990) because of attendance problems related to substance abuse.<sup>6</sup> As a result of an arbitration hearing in June 1990, she was given a last-chance offer and returned to work in July 1990. She was removed 3 weeks later for failure to be regular in attendance, which was challenged by the union. In a July 1991 decision, an arbitrator upheld management's decision to terminate the employee—5 years after the attendance problems first surfaced.

In the Denver Customer Service District, comments submitted with the 1992 employee opinion survey indicated that unions played a role in shielding poor performers. According to one manager:

"...Unions spend approximately 90 percent of their time defending the incompetent employees that the Postal Service can't get rid of. Managers spend approximately 90 percent of [their] time dealing with these incompetent employees when their time could be better utilized doing more productive things..."

Union representatives told us that poor supervisory performance was also tolerated by management. They did not believe that supervisors were held accountable for harassing employees or for purposely violating the labor contract. According to the 1993 employee opinion survey, 60 percent of processing employees did not believe that supervisors consistently followed the provisions of the national agreements. Union officials said contract violations occurred regularly because supervisors did not receive contract training and because supervisors were not held accountable for violating the contract. According to a postal headquarters official, there are no criteria to identify a supervisor as a poor performer who warrants disciplinary action. He said that few supervisors get unacceptable ratings. The Postal Service typically tries to find out why a supervisor is not performing up to standards and then provides training, a transfer opportunity, or a mentor to improve performance. (See vol. II, ch. 4.)

<sup>6</sup>According to the employee opinion survey, 25 percent of mail processing employees believed there was a drug problem, and 34 percent believed there was an alcohol problem in processing plants.

## Employee- Management Relations and Carrier Job Attitudes Affect Mail Delivery Operations

Similar to the relationships between employees and management in mail processing plants, the relationships between city carriers and management are generally tense and often confrontational. In contrast, relationships between rural carriers and management are generally cooperative. While city and rural carriers have common goals and in many cases work out of the same post office under the same supervisors, they have different work environments, and their attitudes about the Postal Service, their work, and supervision differ significantly. Rural carriers consistently rated the Postal Service higher than did city carriers in all 12 dimensions covered in the employee opinion surveys, and they also filed fewer grievances than city carriers. National grievance rates for the first 3 quarters of fiscal year 1992 showed that city carriers filed 11 times more grievances per 100 employees than rural carriers.

The differing views of these two carrier groups are associated primarily with (1) the relative independence of rural carriers to do their work compared to city carriers and (2) the differences in incentives for good work offered to the two carrier groups. These differences in city and rural carriers' approaches to work, supervision, and compensation date back to the origins of city and rural mail delivery services and the formation of unions representing the two carrier groups.

## Supervision Differs

While city and rural carriers have common responsibilities and in some cases similar routes, they operate under different compensation systems. City carriers are hourly workers paid for a standard 8-hour workday or 40-hour workweek. Hours in excess of a 40-hour workweek are paid at overtime rates. Rural carriers, on the other hand, are salaried employees, and the amount of their salary is based on an annual evaluation of the estimated number of hours per week needed to deliver the mail. Most rural carrier routes have been evaluated at more than 40 hours per week, with the first 40 hours paid at the basic hourly rate and additional hours estimated over 40 hours paid at a higher rate (1-1/2 times the basic hourly rate).

Primarily because of the different provisions for "overtime"<sup>7</sup> pay under the two pay systems, city carrier daily schedules are more closely supervised than rural carrier schedules. At one of the post offices we visited, which had about the same number of city and rural carriers, the Postmaster said that on an average day he and his first-line supervisor spend about

<sup>7</sup>The "overtime" built into some rural carriers' pay is not really daily or weekly overtime in the sense of unanticipated extra workhours; rather, it represents the total number of hours necessary to complete the work on that route.

---

90 percent of their time monitoring and managing city carrier activities and only 10 percent of their time on rural carrier activities. Rural carriers do not have to negotiate daily with supervisors regarding the time it will take to complete mail sorting or delivery, and their performance is not closely supervised. Rural carriers generally control their own workdays as long as all the mail is delivered on time each day.

City carriers have to negotiate their daily work schedules and are routinely monitored against detailed performance standards for specific daily tasks. Each day, city carriers are accountable for meeting specific productivity goals for many of their daily work functions. Delivery unit managers and supervisors routinely collect data on mail volume, office and street hours, replacements, overtime, auxiliary assistance, curtailed and delayed mail, and attendance—all to determine if city carriers are meeting expected goals. For example, the Postal Service has set detailed standards for the accurate and speedy sorting of the mail, which is viewed as a key duty. While they are sorting the mail, the city carriers' speed is measured daily against these standards.

On the other hand, rural carriers are not as closely monitored by supervisors, are not required to meet similar daily time-based standards, and are allowed to plan and keep track of their own times. On a daily basis, managers expect rural carriers to deliver all their mail on time and keep the customers satisfied. The autonomy afforded rural carriers by the structuring of the rural route and the manner in which they are compensated largely eliminate the need for rural route supervisors to monitor how much time rural carriers spend sorting and delivering the mail.

Employee opinion survey data for 1993 show that city carriers were more dissatisfied with working conditions than their rural counterparts were. A key cause of this dissatisfaction identified during our field work was the level of supervision imposed on city carriers, which engendered conflict mainly over the amount of time it takes to do the work. The daily pay and schedule negotiations present numerous opportunities for confrontation and conflict. Officials in five of the seven districts we visited cited the daily negotiations that occur over requests for assistance or overtime as the most contentious issues between first-line supervisors and city carriers.

---

## Work Incentives Differ

City carriers' performance standards tend to discourage carriers from doing their best and completing work quickly. If city carriers return to the

office early—before their 8-hour day ends—they are assigned additional duties by management. These duties often involve sorting the next day's mail or "pivoting," i.e., being sent back out on the street to help complete mail delivery on another carrier's route. However, carriers who stay out on the street and do not return to the office until their 8-hour day is over are usually not required to do additional work.

Rural carriers do not have similar disincentives for good work. If rural carriers finish their work in less than the evaluated route time, they are given the option upon returning to the office of leaving for the day or getting an early start on the next day's work. Although they have the option of leaving early, they work more hours on average than city carriers. For example, national workhour data showed that in fiscal year 1993, a rural carrier worked an average of 1,859 hours, versus an average of 1,797 hours for a city carrier. (See vol. II, ch. 5.)

## Past Initiatives to Improve Labor and Management Relations

Since 1982, the Postal Service, unions, and management associations have tried a variety of programs to improve workfloor relations. These programs have included employee participation plans, such as Employee Involvement (EI) and Quality of Working Life (QWL); a monetary incentive program; and alternatives for resolving workfloor conflicts. However, commitment to improvement initiatives has been sporadic, short-lived, and piecemeal, limiting their potential pay-off for all the parties. Although the initiatives have had some positive results, they have not changed underlying management values or systems affecting supervisor-employee relationships.

Union participation in these initiatives has been uneven, and commitment by management and unions at field locations was often lacking. For example, APWU and NALC, representing about 85 percent of the craft employees, have chosen not to participate in the monetary incentive program because union leaders believe that such pay would replace negotiated wage increases and also encourage competition among employees. APWU has also not participated in the EI or QWL programs because the union leadership sees these initiatives as an effort by management to bypass the union and work directly with the employees that APWU represents. Management and unions at the national and local levels said that in many cases the initiatives were used for political gains, lacked sufficient commitment of resources for implementation, and were abandoned because of a loss of interest or lack of budget. For example, a management official at the Cincinnati District said that the local NALC

---

president used union participation in EI as a "bargaining chip." NALC officials at the Waldorf and Clinton, MD, post offices in the Southern Maryland District said that employees lost interest in EI because few suggestions were implemented, and attending EI meetings only increased employees' workhours.

When local management, unions, and employees were committed to improvement initiatives, the results were often positive. At the national level, we were told that EI and QWL helped to develop mutual trust and cooperation, change management styles, and increase an awareness that quality of worklife is just as important as the "bottom line." A headquarters labor relations official told us that the alternatives for discipline and dispute resolution "legitimized" concerns over workfloor relations, forced supervisors and employees to pay attention to discipline and labor-management relations, provided for communications training, and pushed labor and management to work together. Two analyses done by the Postal Service showed that offices using the alternative procedures sent fewer cases to arbitration after the procedures were implemented.

Management and union officials at processing plants and post offices that we visited also said that the results of improvement efforts were beneficial. For example, Mail Handlers representatives for the San Francisco, CA, general mail processing plant said that QWL had opened lines of communications and improved operations. The Denver Postmaster and the local NALC president cited an EI project, called the Customer Service Management program, which reduced friction between carriers and supervisors and improved morale and trust at the Bear Valley Post Office in Colorado.

Overall, past and ongoing efforts to deal with union-management and employee-supervisor relations, however, have focused to a large extent on resolving conflicts rather than preventing them. Relations between management and unions continue to be adversarial, and employees still have major concerns about their work environment. Attitudes and relations of those participating in improvement initiatives were about the same as those who did not participate. Further, in two key areas—performance management and reward/recognition—employees' attitudes became worse overall from 1992 to 1993, according to the Postal Service employee opinion surveys. (See vol. II, ch. 6.) In nine areas, however, there was some overall improvement in employee responses, which was encouraging given the major reorganization and downsizing



---

that had taken place when the 1993 survey was administered. (See vol. II, ch. 3.)

---

### Approaches of Other Organizations for Building a Committed Workforce

Private sector unionized organizations that we visited (Ford and Saturn) succeeded in improving labor-management relationships, and their corporate performance, by, among other actions, changing traditional beliefs and practices. Saturn has made extensive use of employee empowerment and labor-management partnerships, while Ford's employee involvement program is more traditional. However, at both Ford and Saturn, union and management officials formed partnerships and made long-term commitments to change the way they interacted with each other. Management at both plants, together with the United Auto Workers, authorized increased operational flexibility in work units, changed the way work was organized, and introduced new systems to emphasize employee empowerment. They also negotiated pay systems that based a certain percentage of pay on corporate performance. (See vol. II, ch. 6.)

---

### Current Initiatives to Improve Labor and Management Relations

Shortly after becoming Postmaster General in July 1992, Mr. Marvin Runyon began working to change the Postal Service's corporate culture, which he characterized as "operation driven, cost driven, authoritarian, and risk averse," to a culture that is "success-oriented, people oriented, and customer driven." According to Mr. Runyon, management, unions, and employees all need to work together to improve relationships and organizational performance, so the Postal Service as a whole can focus on meeting customers' needs.

The Postal Service's current strategies for changing the corporate culture have centered on (1) restructuring<sup>8</sup> and downsizing the organization, (2) holding National Leadership Team meetings that include all Postal Service officers and the national presidents of the unions and management associations, and (3) changing the incentive systems for rewarding managers. The development of a labor-management partnership through the National Leadership Team structure and management reward systems that encourage teamwork and organizational success are good first steps that are consistent with approaches of other organizations and National Performance Review recommendations. However, there is a lack of any overall union and management agreement for change at the field

---

<sup>8</sup>Under the new postal structure, key postal mail processing and customer service managers are organized in geographic-based teams, called "performance clusters," which are to plan and manage efforts to achieve the Postal Service's corporate goals of customer satisfaction, commitment to employees, and revenue generation.

operations level. No clear framework or long-term strategy exists for moving agreed-upon values and principles down to first-line supervisors and employees at processing plants and post offices. (See vol. II, chs. 2 and 6.)

## Conclusions

Improving service to postal customers requires that both union and postal management effectively tend to the long-standing employee problems discussed in this report. The National Leadership Team has not agreed upon the actions that are necessary to cascade changes made and envisioned at the national level down through the performance clusters to the processing plants and post offices. To be successful, unions and management associations at all levels must share with postal management the responsibility for resolving problems. The "us versus them" approach of the postal, union, and association leadership must end if employees are to have an improved quality of life and produce greater results from their work. Large numbers of postal customers and employees are dissatisfied with current conditions, which demand change.

To deal with workroom problems, all the parties need to agree on a framework for creating a work environment that recognizes positive values in the postal workforce, such as pay and benefits, and minimizes the negative dynamics between supervisors and employees. Changing working relations on the workroom floor will require increased flexibility, necessitating a change in union contracts and personnel systems to allow experimentation with and evaluation of new approaches in relations between supervisors and employees. This might be best done on a pilot basis, which would allow all the parties to demonstrate their commitment to change and determine if the change produced positive results. Successful approaches could then be used at all plants and post offices in all 85 districts. Upcoming contract negotiations between the Postal Service, APWU, NALC, and Mail Handlers will provide an opportunity for the parties to begin making the necessary changes in national agreements for experimentation and evaluation.

The specifics of these agreements must be worked out by the parties, and doing so will require a high degree of trust and a collective focus on the overall, longer term interests of the Postal Service. Success will ultimately hinge on meeting the expectations of postal customers, who increasingly have other choices for satisfying their communications and merchandise delivery needs. The history of labor-management relations and recent experience with collective bargaining indicate that agreement may not be

possible without some assistance from outside the Postal Service. It may be necessary for postal management, union, and management association officials at the national, district, as well as plant and post office levels to learn new techniques for reaching bilateral agreement on difficult issues, rather than deferring to an arbitrator for a decision. Leadership teams at all levels of the Postal Service can learn from the experiences of some other organizations in (1) developing a union-management partnership; (2) modifying national agreements; (3) organizing and empowering work teams; and (4) determining pay, in part, on the basis of organizational and unit performance.

To be successful, management and unions must together change the culture and achieve breakthrough improvements of the workplace climate. This will require that management and the unions form a partnership for achieving corporate goals and, toward that end, give employees who handle the mail more freedom to be creative and innovative in their jobs. These employees have needs, expectations, and aspirations that management and unions must respond to if they want the commitment of employees to meet the competitive challenges in the marketplace. Those not carrying their share of the burden must be appropriately dealt with to ensure a committed workforce. Collective bargaining over wages cannot continue to be the central focus of negotiations. The evidence suggests to us that quality of worklife issues are just as important to postal employees, and these issues need the urgent attention of both management and union leadership.

---

## Recommendations

We recommend that the Postmaster General and the National Leadership Team, which includes the heads of the unions and management associations, develop and sign a long-term (at least 10 years) framework agreement outlining overall objectives and approaches for demonstrating improvements in the workroom climate of both processing and delivery functions. Specifically, the agreement should provide for the following principles and values:

- (1) Structure the work to assign employees greater responsibility and accountability for results by clearly defining the composition and structure of work teams and the measurements of team success.
- (2) Provide incentives that encourage all employees in work units to share in the tasks necessary for success and that allow work units and

---

employees to be recognized and rewarded primarily on the basis of corporate and unit performance.

(3) Train employees and hold them accountable for working as members of work teams, focusing on serving the customer, and participating in efforts to continuously improve unit operations.

(4) Select and train supervisors who can serve as facilitator/counselors and who will have the skills, experience, and interest to treat employees with respect and dignity, positively motivate employees, recognize and reward employees for good work, promote teamwork, and deal effectively with poor performers.

(5) Counsel, train, and, if necessary, remove supervisors and employees who demonstrate a lack of commitment to work unit goals, values, and principles.

To accelerate and demonstrate positive change across the organization, we recommend that the National Leadership Team, working with management and union counterparts in area offices, identify pilot sites (performance clusters, including some with the worst problems, such as Chicago and some of the districts we visited) where management and union officials are willing to implement and evaluate (using employee opinion, Customer Satisfaction Index, and External First-Class Measurement System data) the above principles and values. We recommend that the National Leadership Team give the pilot sites the flexibility needed by authorizing local union and management leadership at test sites to develop approaches for improving working relations, operations, and service quality.

- For mail processing employees, we recommend that the approaches include developing, implementing, and evaluating self-managed work units. This could be done by expanding the crew chief and service captain efforts to include a redefined role for supervisors, new incentives for achieving corporate and unit goals, and effective means of holding employees accountable for results.
- For delivery employees, we recommend that the agreements include greater independence for employees in sorting and delivering mail, incentives for early completion of work, and a system of accountability for meeting delivery schedules. We are not advocating that city carriers merely adopt the rural carrier system. Rather, city carriers and management should build a system that incorporates known positive

---

attributes of the rural system, e.g., greater independence and incentives for fast and reliable mail delivery.

To help ensure that agreements are reached in a timely manner, we recommend that the National Leadership Team consider arranging for outside advice and assistance to (1) facilitate the development of agreements at the national and performance cluster levels and (2) learn new techniques for reaching agreement and resolving differences through negotiation rather than resorting to binding arbitration. The assistance of the Federal Mediation and Conciliation Service might be considered, as well as the expertise and experience of successful practitioners of constructive negotiation in the private industrial sector.

Finally, we recommend that after sufficient time has passed for test units to have implemented agreed-upon changes, the National Leadership Team arrange for an independent evaluation to determine (1) the extent to which units have achieved the objectives in the framework agreement; (2) the impact on employee and customer satisfaction; (3) any additional changes in policies, contracts, or systems needed for success; and (4) whether and how best to make similar changes in work units throughout the Postal Service.

---

## Matter for Congressional Consideration

In the past, postal management, the four major unions, and three management associations have not formulated overall agreements to make changes needed in the workplace. In light of this, congressional oversight committees should monitor the progress of the parties in developing and implementing an agreement to address the problems discussed in this report and should request a progress report from the Postal Service, the four unions, and the three management associations within 1 year from the date of this report.

Further, if the various parties involved cannot reach a framework agreement within 2 years from the date of this report, Congress may want to reexamine any aspects of the employee and management relationships within the Postal Service that are prescribed in the 1970 act but constitute barriers to reaching a framework agreement during these 2 years.

---

## Postal Service, Unions, and Management Association Comments

The Postal Service, APWU, and NRLCA provided written comments on a draft of this report. The National Association of Letter Carriers, National Postal Mail Handlers Union, National Association of Postmasters, National League of Postmasters, and National Association of Postal Supervisors did not choose to provide written comments. However, we discussed the draft with officers of these organizations, and they agreed with our assessment of the labor-management climate on the workroom floor, and each agreed with most or all of our recommendations.

The Postal Service agreed with our major conclusions and accepted our recommendations. The Service was concerned, however, that the 1-year time period that we proposed for developing a framework agreement may not be sufficient to do the job properly and said it was hopeful that Congress would not act hastily to impose a legislative remedy. In our view, agreement on the basic principles for changing the current work environment must be a high priority of the Service, the unions, and the management associations if, together, they are to succeed in the increasingly competitive marketplace. We believe, as does the Postal Service, that improving employee commitment and satisfaction is key to improving delivery and retail services. Even so, after considering the Postal Service's comments and other comments on the draft report, we agree that a period of 1 year to reach consensus on a framework agreement may not be practical. Therefore, we revised the matter for consideration to suggest that Congress provide 2 years for the parties to reach agreement, with a progress report to Congress after 1 year.

The Postal Service said that our report for the most part presents an accurate description of labor-management problems in post offices and large mail processing facilities. However, the Service believed that our report dwelt too much on the negative side of the labor-management climate and failed to examine the root causes of those problems.

This report does provide an assessment of the labor-management climate on the workroom floor that we found all too often to be negative. The report addresses some underlying assumptions, values, and attitudes that we found to be widely shared, i.e., the organizational culture, and that help to explain the tense and adversarial relationships that exist in the Postal Service. In this context, we agree that there is no single, clear-cut root cause for the Service's labor relation problems, and we do not believe the problems can be easily solved. Rather, multiple factors within the Postal Service's work environment contribute to bad relations.

Our report points to a number of Postal Service policies and practices that we believe reflect current assumptions and values and that should be changed in an effort to encourage, facilitate, and reward more productive relations. For example, on the delivery side, we discuss at some length the structure of relationships between mail carriers and the Postal Service that, in our opinion, explains in large measure the tense and confrontational relationships that exist between supervisors and city carriers in contrast to the relationships between supervisors and rural carriers. In mail processing plants, we identify other Postal Service practices that need reexamining, such as tying supervisors' incentive systems to numerical goals and limiting employees' involvement in daily decisions affecting their work.

The Service also said that we virtually ignored the many improvements and initiatives underway to deal with the problems. This was not our intent. Clearly, the current leadership is taking significant and promising steps to change the Service's culture and improve its performance. Chapters 2 and 6 of volume II of our report discuss in some detail current and past initiatives to improve labor-management relations. We thought we had achieved a balanced presentation. However, in light of the Service's concern, we expanded our discussion in volume I of these initiatives and the positive changes in the employee survey results between 1992 and 1993. (See vol. II, app. III, for the text of the Postal Service's comments and our detailed response to these comments.)

APWU objected to our recommendations, maintaining that we were meddling with the collective bargaining process. APWU also said that our report overstates the number of times national agreements have had to be resolved in interest arbitration and fails to recognize the union's duty of fair representation in grievance litigation. APWU also took exception to our use of employee opinion survey data to reflect employees' views about their working conditions, contending that this was inconsistent with the National Labor Relations Act.

We agree that union and management differences have to be worked out in the collective bargaining process. We are not recommending specific changes to the collective bargaining agreements. However, the parties may recognize that changes are needed in the union contracts in order to implement an overall framework agreement that deals with the long-standing workroom problems identified in this report. We revised and clarified the report text on the reasons and extent to which APWU and the other unions have resorted to interest arbitration. We recognize that APWU

---

owes a duty of fair representation to all members, but this does not mean that APWU is compelled to take every case to arbitration, nor are we saying that this occurred. Rather, our basic point is that the unions and management need a basic reorientation of their relations. As partners, they need to establish a framework that provides recognition and reward for good employee performance and, of equal importance, allows those employees who perform poorly to be dealt with appropriately.

The report does rely, in part, on the employee opinion survey to gauge the climate on the workroom floor, but the survey is not the only source of information used or cited. We also use testimonial evidence obtained from union and management representatives and grievance/arbitration data obtained from Postal Service records. These two sources of information corroborate employee opinions about the conditions they face on the workroom floor. To respond to the congressional request, we determined that in addition to interviewing 139 union leaders and stewards, it was necessary to obtain the views of employees directly. Further, we do not believe that our use of the employee opinion survey results is inappropriate or inconsistent with the National Labor Relations Act because the act governs only the relationships between employers, employees, and labor organizations. (See vol. II, app. IV, for the text of the American Postal Workers Union's comments and our detailed response to these comments.)

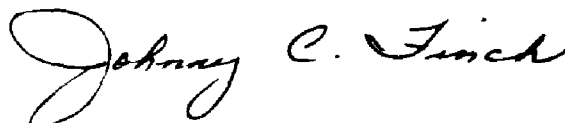
The National Rural Letter Carriers' Association concurred with the information contained in the report on the rural letter carrier craft. (See vol. II, app. V, for the text of the National Rural Letter Carriers' Association's comments.)



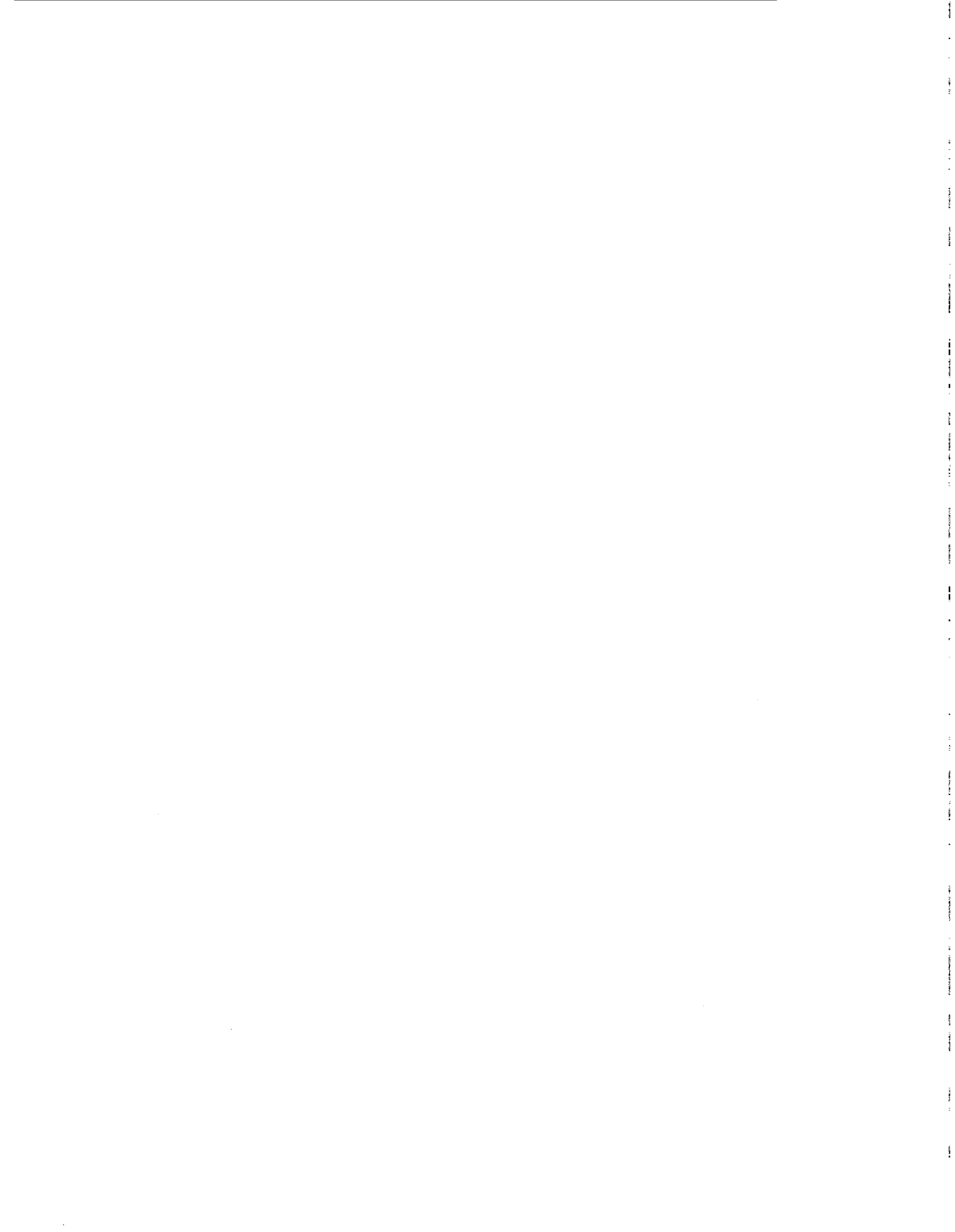
---

As arranged with the Committee, unless you release its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Board of Governors and the Postmaster General of the U.S. Postal Service, the House Committee on Post Office and Civil Service, the postal unions and management associations, and other interested parties. Copies will also be made available to others upon request.

This report was prepared under the direction of J. William Gadsby, Director, Government Business Operations Issues, who may be reached on (202) 512-8387 if there are any questions. Other major contributors are listed in appendix VI of volume II.

A handwritten signature in cursive script that reads "Johnny C. Finch". The signature is written in dark ink and is positioned above the printed name and title.

Johnny C. Finch  
Assistant Comptroller General



---

### **Ordering Information**

**The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.**

**Orders by mail:**

**U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015**

**or visit:**

**Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC**

**Orders may also be placed by calling (202) 512-6000  
or by using fax number (301) 258-4066.**

**Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (301) 258-4097 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.**

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Mail  
Postage & Fees Paid  
GAO  
Permit No. G100**

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

